

July 21, 2022

Contents

I.	Introduction, Qualifications, Purpose of Testimony.....	2
II.	Background Information.....	4
III.	Terms of the Settlement Agreement	6
IV.	Commission Standards for Approving Settlement Agreements	14

I. Introduction, Qualifications, Purpose of Testimony

Q. Please state your name and business address.

A. My name is Justin T. Grady and my business address is 1500 Southwest Arrowhead Road, Topeka, Kansas, 66604.

Q. By whom and in what capacity are you employed?

A. I am employed by the Kansas Corporation Commission (KCC or Commission) as the Chief of Revenue Requirements, Cost of Service and Finance.

Q. Please summarize your educational and employment background.

A. I earned a Master of Business Administration degree, with a concentration in General Finance which includes emphases in Corporate Finance and Investment Management, from the University of Kansas in December of 2009. I also hold a Bachelor of Business Administration degree with majors in Finance and Economics from Washburn University. I have been employed by the KCC in various positions of increasing responsibility within the Utilities Division since 2002. I have been a Section Head in the Utilities Division since May 2012, and have been employed in my current capacity since August 2020.

While employed with the Commission, I have participated in and directed the review of numerous tariff/surcharge filings and rate case proceedings involving

1 electric, natural gas distribution, water distribution, and telecommunications
2 utilities. In my current position, I have supervisory responsibility for the activities
3 of the Commission's Audit section within the Utilities Division. In that capacity, I
4 plan, manage, and perform audits relating to utility rate cases, tariff/surcharge
5 filings, fuel cost recovery mechanisms, transmission delivery charges, alternative-
6 ratemaking mechanisms, class cost of service studies, gas purchasing and hedging
7 plans, and other utility filings that may have an impact on utility rates in Kansas
8 including mergers, acquisitions, restructuring, and initial public utility certification
9 filings. I also frequently provide testimony and make presentations to the Kansas
10 Legislature on public utility regulatory matters.

11 **Q. Have you previously submitted testimony before this Commission?**

12 A. Yes. I have submitted written and oral testimony before this Commission on
13 multiple occasions regarding various regulatory accounting and ratemaking issues.
14 This work includes testimony filings in 73 dockets, including this one. A list of the
15 other dockets that encompass this experience is readily available upon request.

16 **Q. What is the purpose of your testimony in the review of the Kansas Gas**
17 **Service, a division of ONE Gas Inc., (KGS) Application for approval of the**
18 **recovery of Qualified Extraordinary Costs (QECs) and the issuance of a**
19 **Financing Order that would allow for the issuance of securitized bonds to**
20 **recover costs associated with Winter Storm Uri?**

21 A. In the testimony that follows, I will explain why Staff recommends that the
22 Commission approve the Agreement as a reasonable resolution of the issues in this

Docket, which is in the public interest and which will assist in the creation of just and reasonable rates. Specifically, I will:

- provide background information about this Docket;
- provide an overview and discussion of the Agreement;
- discuss the standard of review used to guide the Commission in its consideration of whether to accept the Agreement;¹ and
- discuss the evidence in the record that supports the Agreement.

II. Background Information

Q. Please provide a brief background of this Docket

A. On March 31, 2022, in accordance with the financial plan approved by the Commission in Docket No. 21-KGSG-332-GIG (21-332 Docket) by Order dated February 8, 2022 (Financial Plan Settlement Order), KGS filed an application for a Financing Order per the provisions set forth in the 2021 Utility Financing and Securitization Act (the Act)² seeking authorization to issue Securitized Utility Tariff Bonds to finance the Qualified Extraordinary Costs incurred as a result of the February 2021 Winter Storm Uri Event (Winter Event).³

In accordance with the Act, KGS submitted the direct testimony and exhibits of Janet L. Buchanan, Mark W. Smith and Charles N. Atkins II, to support

¹ *Order Approving Contested Settlement Agreement*, Docket No. 08-ATMG-280-RTS, pp. 4-6 (May 12, 2008).

² K.S.A. 66-1,240, *et seq.*

³ Application of Kansas Gas Service for Financing Order for Recovery of Securitized Utility Tariff Cost and Financing Costs filed March 31, 2022, 22-466 Docket (Application).

1 its application. The Company's application covered each of the filing requirements
2 under the Act. It also provided a description of the proposed securitization process,
3 and drafts of the proposed securitization financing transaction documents and a
4 proposed Financing Order. KGS also provided updated testimony and exhibits in
5 support of its application.

6 On April 5, 2022, CURB filed a petition to intervene, which was granted by
7 the Commission by Order dated April 14, 2022. On April 18, 2022, Staff filed a
8 motion to establish a procedural schedule in this docket. On April 28, 2022, the
9 Commission issued an Order Granting Staff's Motion for Procedural Schedule
10 (Procedural Order).

11 Per the Procedural Order, the Joint Movants participated in several technical
12 conferences to discuss the proposed Financing Order, the securitization process, the
13 draft transactional documents and other issues relating to the Company's
14 Application. On June 17, 2022, Staff and CURB filed their testimony and exhibits.
15 Staff proposed several modifications to the proposed Financing Order,
16 securitization process and draft transactional documents. CURB also raised a
17 number of issues relating to the Company's Application.

18 On July 1, 2022, KGS filed its rebuttal and responsive testimony, which
19 addressed each of the matters raised by Staff and CURB. Per the Procedural Order,
20 the Joint Movants conducted a settlement conference on July 11, 2022. Settlement
21 discussions continued through July 13, 2022. As a result of those discussions, the
22 Joint Movants reached the Agreement filed with the Commission on July 14, 2022.

1 **III. Terms of the Settlement Agreement**

2
3 **Q. Please provide an overview of the Agreement.**

4 A. The Agreement provides for the following:

- 5 • **Recovery of Qualified Extraordinary Costs (QECs)**—KGS is authorized to
6 recover an estimated \$328,043,946 in QECs, through the issuance of securitized
7 customer backed bonds, as authorized by the Act. The final amount shall be
8 provided in the final Issuance Advice Letter.
- 9 • **Recovery of QECs Attributable to the Sales Service for Resale (SSR) Class**—
10 KGS is authorized to recover QECs attributable to the SSR class per a separate rider
11 through traditional ratemaking means over five years in an amount of \$220,133
12 based upon a volumetric charge in order to more equitably recognize the
13 heterogeneity of the customers represented by this class. The volumetric rate shall
14 be set at \$0.77 per Mcf to be billed until the total is collected which is targeted to
15 be five years.
- 16 • **Net Quantified Rate Benefits to Customers**— Joint Movants agree that the
17 issuance of securitized bonds to recover the QECs from the Winter Event is
18 expected to provide net quantifiable rate benefits to customers, estimated in the
19 range of \$35 to \$46 million based on the most recent KGS estimates of securitized
20 bond interest rates from seven to ten years as compared to recovering the QECs
21 using traditional ratemaking methods. Despite significant increases in United States
22 (US) Treasury rates since the Company filed its application, there is still a
23 significant benefit to KGS's customers from issuing securitized bonds to finance
24 the Winter Event's costs over ten years instead of using traditional ratemaking

1 methods to collect these costs. The final net quantifiable benefit for customers shall
2 be provided in the final Issuance Advice Letter.

3 • **Pre-Issuance Review Process; Role of the Commission's Designated**
4 **Representative**—In order to ensure that the securitization process results in the
5 "lowest securitized utility tariff charges, consistent with market conditions ...," Joint
6 Movants agree on a comprehensive collaborative process where the Commission's
7 Designated Representative, including its legal and investment advisors, shall have
8 all authority to observe, review, confer, and consult with KGS and its underwriters
9 on all facets of the securitization process, including but not limited to input into the
10 material terms relating to the structuring, marketing, pricing and issuance of the
11 securitized bonds. KGS, as the sponsor of the issuer of the securitized bonds, and
12 the structuring underwriter, shall lead the securitization transaction rating agency
13 and potential investor discussions, as well as the final structuring, marketing and
14 pricing process, provided that such is consistent with: (1) the terms of the Financing
15 Order approved by the Commission; (2) the collaborative process with the
16 Commission's Designated Representative; and (3) the primary focus being in
17 pursuit of the lowest cost statutory objective. The Designated Representative,
18 including its legal and investment banking advisors, shall be allowed to listen in on
19 meetings with investors or ratings agencies, but shall not be allowed to speak or
20 otherwise take an active role in such meetings.

21 • **Term Length of Bonds**—Joint Movants agree that KGS shall be allowed to issue
22 securitized bonds with a scheduled final maturity of between seven to ten years,
23 subject to the pre-issue review process set forth herein and the provisions contained

1 in the Agreement. Joint Movants recognize that some flexibility on the maximum
2 ten-year bond term must be provided in the event that the ratings agencies require
3 a change in order to rate the securitized bonds as AAA. Joint Movants also
4 recognize that the final legal maturity of the securitized bonds will be longer, while
5 it is expected to be two years longer, it may be longer or shorter depending on rating
6 agency discussions and market conditions, than the scheduled final maturity. This
7 flexibility has been included in the proposed Financing Order that has been agreed
8 to by the Joint Movants, which is attached to the Agreement as Appendix A, and
9 incorporated herein by reference.

10 • **Approval of Proposed Financing Order**—Joint Movants request that the
11 Commission approve and issue the proposed Financing Order, and appendices
12 thereto, that is attached to the Agreement as Appendix A. The proposed Financing
13 Order has been agreed to by the Joint Movants. In addition to approving the
14 securitization process and covering all of the requirements contained in the Act, the
15 proposed Financing Order is consistent with the terms that have been agreed to by
16 the Joint Movants in the Agreement.

17 • **Proposed Transaction Documents**—Joint Movants request that the Commission
18 approve the following proposed transaction documents, as to form, that are attached
19 to either the proposed Financing Order or the Agreement, and which have been
20 agreed upon by Joint Movants, subject to any changes that may be made or required
21 during the securitization process, (including review by the Commission's
22 Designated Representative and its legal and investment banking advisors as
23 provided in the proposed Financing Order), and provided that such changes are not

1 materially contrary to the provisions of the Agreement or the proposed Financing
2 Order:

3 (A) Securitized Utility Tariff Property Servicing Agreement (Appendix D
4 to the Proposed Financing Order);

5 (B) Administration Agreement (Appendix G to the Proposed Financing
6 Order);

7 (C) The SPE Amended and Restated Limited Liability Company
8 Agreement (Appendix I to the Proposed Financing Order);

9 (D) Securitized Utility Tariff Property Purchase and Sale Agreement
10 (Appendix E o the Proposed Financing Order); and

11 (E) Indenture (Appendix H to the Proposed Financing Order).

12 Final versions of the transaction documents will be filed with the Commission in
13 the subsequent compliance docket that will be opened by the Commission to
14 receive the filings required under the Winter Event Securitized Cost Recovery
15 Rider (WESCR) tariff.

- 16 • **Winter Event Securitized Cost Recovery Rider Tariff**—The WESCR tariff
17 submitted by KGS should be approved. The parties acknowledge that in CURB's
18 pre-filed testimony, CURB stated its preference that the costs associated with the
19 Winter Event be collected using a volumetric charge instead of a fixed charge for
20 the reasons set forth in that testimony. Indeed, CURB consistently has sought to
21 minimize fixed charges in utility rate cases. However, in this particular case, CURB
22 does not oppose a fixed monthly WESCR charge in the tariff. The Company and
23 Staff agree that the tariff is reasonable in that it will assist in the establishment of

1 the highest possible bond ratings for the securitized bonds and will allow customers
2 to budget with certainty what their costs will be associated with the Winter Event.
3 Therefore, CURB is a signatory to the Agreement, but is not acquiescing its position
4 with respect to its argument for low fixed charges in all other cases, including future
5 rate cases. The Joint Movants agree to the allocation of the Winter Event costs
6 between the customer classes as reflected in the WESCR tariff submitted by KGS.
7 The allocation methodology used by KGS fairly and reasonably estimates how the
8 Winter Event costs were incurred by the Company to provide gas service to each
9 customer class.

10 The Joint Movants also agree to the semi-annual (if not needed more
11 frequently) true-up adjustment mechanism as set forth in the WESCR tariff
12 submitted by KGS. This mechanism will assist in the establishment of the highest
13 possible bond ratings for the securitized bonds, and therefore, it is worth whatever
14 administrative burden will result as compared to an annual true-up.

- 15 • **Settlement Fee To Be Charged to any Sales Customer That Switches to**
16 **Transportation Service During the Term of the WESCR Tariff**—Joint Movants
17 agree that the settlement fee recommended by KGS to be charged to any sales
18 customer that wants to switch to transportation service during the term of the
19 WESCR tariff is reasonable and should be approved by the Commission. As
20 proposed by Staff, the settlement fee shall be calculated as the net present value of
21 the remaining customer obligations to pay for the WESCR, using a discount rate
22 equal to the weighted average interest rate of the securitized bonds.

1 • **Reconciliation Process**—Joint Movants agree to the reconciliation process
2 described by the Company in Ms. Buchanan's testimony, whereby the final amount
3 of QECs is compared to the final amount of securitized bond issuance, and the
4 difference is credited/charged to customers through the Cost of Gas Rider (COGR)
5 process. If the incremental cost to KGS to perform its servicing and administrative
6 services under the Servicing Agreement and the Administration Agreement,
7 respectively, is less than what the Company is paid for those services, then that
8 difference in cost (the associated profit margin earned by the Company as servicer
9 and administrator) shall be tracked by KGS and included in a regulatory liability
10 account to be addressed in KGS's next general rate case.

11 • **Treatment of Investment Earnings on the Capital Sub Account**—Joint Movants
12 agree that pursuant to K.S.A. 66-1,241(e)(14), KGS shall be allowed to earn a
13 return on its equity contribution to the Capital Sub Account equal to “the cost of
14 capital authorized from time to time by the Commission in the public utility's rate
15 proceedings”, which is the Company's approved weighted average cost of capital
16 (WACC), and which will be distributed upon receipt. KGS's current WACC is
17 8.6012%. In accordance with the applicable provisions of the Indenture, investment
18 earnings on the Capital Subaccount will be transferred to the Excess Funds
19 Subaccount. On each payment date, the funds in such Subaccount will be taken into
20 account in the Adjustment Mechanism within the WESCR tariff and will benefit
21 KGS customers.

22 • **Customer Education Program**—Joint Movants agree on the customer
23 communication plan presented by the Company to inform and educate KGS's

1 customers about the purpose for, and the benefits of, the issuance of securitized
2 bonds. Joint Movants agree to work together to finalize the specifics relating to the
3 customer education program.

4 • **Waiver of General Terms and Conditions**—Joint Movants agree that the
5 Commission should approve the Company's request to waive Section 4.01.02 of its
6 General Terms and Conditions in order to allow the payment of securitized bonds
7 to take priority over the rest of the customer bill in the event of partial customer
8 payment. This waiver is supportive of the highest bond ratings possible for the
9 securitized bonds, and therefore a benefit to customers.

10 • **Controlling Document**—To the extent that any of the terms contained in the
11 Agreement conflict with the terms contained in the proposed Financing Order
12 attached to the Agreement, the terms in the Financing Order shall control.

13 • **Study of Residential Class**—Joint Movants agree that KGS will study whether its
14 residential customer class would benefit by being separated into multiple subclasses
15 similar to the rate choice options approved for Oklahoma Natural Gas, a division
16 of ONE Gas, Inc. KGS will present the results of this study during KGS's next
17 general rate proceeding. In addition, and provided that Kansas legislation has been
18 enacted authorizing the Commission to approve a low-income relief (or similar)
19 tariff, the Joint Movants will work with each other to determine whether, and to
20 what extent, a generic investigation into the energy burden in Kansas could be
21 conducted to benefit the Commission in its regulation of rates, including
22 determining whether low-income rate relief is feasible and ways in which the same
23 could be structured.

1 • **Miscellaneous Provisions.**

2 (a) Nothing in the Agreement is intended to impinge or restrict, in any manner, the
3 exercise by the Commission of any statutory right, including the right of access to
4 information, and any statutory obligation, including the obligation to ensure that
5 KGS is providing efficient and sufficient service at just and reasonable rates.

6 (b) The Joint Movants shall have the right to present pre-filed testimony in support
7 of the Agreement. Such testimony shall be filed formally in the docket and
8 presented by witnesses at a hearing on the Agreement. Such testimony shall be filed
9 as required by the procedural schedule, or any modification to the procedural
10 schedule filed in this docket.

11 (c) The Agreement represents a negotiated settlement that fully resolves all of
12 the issues in this docket among the Joint Movants. The Joint Movants represent that
13 the terms of the Agreement constitute a fair and reasonable resolution of the issues
14 addressed herein. Except as specified herein, the Joint Movants shall not be
15 prejudiced, bound by, or in any way affected by the terms of the Agreement (a) in
16 any future proceeding; (b) in any proceeding currently pending under a separate
17 docket; and (c) in this proceeding should the Commission decide not to approve the
18 Agreement in the instant proceeding. If the Commission accepts the Agreement in
19 its entirety and incorporates the same into a final order without material
20 modification, the Joint Movants shall be bound by its terms and the Commission's
21 order incorporating its terms as to all issues addressed herein, and will not appeal
22 the Commission's order on these issues provided that Commission approval of the

1 Agreement shall not constitute approval of, or precedent regarding, any principle
2 or issue in this proceeding.

3 (d) The provisions of the Agreement have resulted from negotiations among the
4 Joint Movants and are interdependent. In the event that the Commission does not
5 approve and adopt the terms of the Agreement in total, the Agreement shall be
6 voidable and no party hereto shall be bound, prejudiced, or in any way affected by
7 any of the agreements or provisions hereof. Further, in such event, the Agreement
8 shall be considered privileged and not admissible in evidence or made a part of the
9 record in any proceeding.

10 (e) To the extent the Agreement provides for information, documents or other
11 data to be furnished to the Commission or Staff, such information, documents or
12 data shall be filed with the Commission and a copy served upon the Commission's
13 Director of Utilities. Such information, documents, or data shall be marked and
14 identified with the docket number of this proceeding.

15 **IV. Commission Standards for Approving Settlement Agreements**

16
17 **Q. Has the Commission previously used factors or standards to review a**
18 **settlement agreement?**

19 **A.** Yes. The Commission's Order in Docket No. 08-ATMG-280-RTS (08-280
20 Docket) discusses five factors, or standards, and multiple agreements have been
21 reviewed by the Commission using the five factors since that Order.⁴ However,

⁴ *Order Approving Contested Settlement Agreement*, 08-280 Docket, p. 5 (May 5, 2008).

1 subsequent Commission Orders have noted that for unanimous settlement
2 agreements, parties need not apply the historical five-factor test set forth in the 08-
3 280 Docket.⁵ As noted above, the Agreement is affirmatively supported by all
4 parties to this Docket, so the Agreement is considered a unanimous settlement
5 agreement. Therefore, the evaluation under all five factors is unnecessary for this
6 Settlement Agreement.

7 **Q. What standards does the Commission generally examine when considering a**
8 **unanimous settlement agreement?**

9 A. The Commission may accept a unanimous settlement agreement so long as
10 approval of the settlement is: (1) supported by substantial competent evidence in
11 the record as a whole; (2) results in just and reasonable rates; and (3) is in the public
12 interest.^{6,7} Each of these factors is discussed individually below.

13 **Support for the Settlement Agreement**

14 **Q. Please address whether the Agreement is supported by substantial competent**
15 **evidence in the record as a whole.**

16 A. The Agreement is supported by substantial competent evidence in the record as a
17 whole. KGS supported its Application by three witnesses who filed extensive
18 Direct Testimony, as well as Rebuttal Testimony. Direct Testimony was also filed
19 by Staff and CURB. My understanding is that KGS and CURB will also be filing
20 testimony in support of the Agreement and why those Joint Movants believe the

⁵ *Order on KCP&L's Application for Rate Change*, Docket No. 15-KCPE-116-RTS, ¶ 16, p. 6 (Sept. 10, 2015).

⁶ *Ibid*, ¶ 15.

⁷ *Citizens' Util. Ratepayer Bd. v. State Corp. Comm'n of State of Kansas*, 28 Kan. App. 2d 313, 316 16 P.3d 319, 323 (2000).

1 Commission should accept the Agreement. Additionally, the Commission will
2 have the opportunity to question these witnesses if necessary and add to the record
3 at an evidentiary hearing on August 4, 2022. I believe there is and will be, ample
4 evidence in the record to support approval of the Agreement.

5 **Q. Does the Agreement result in just and reasonable rates?**

6 A. The Agreement does not change rates today, but if approved by the Commission, it
7 will allow KGS to begin the process towards the issuance of customer-backed
8 securitized bonds, which will eventually result in KGS charging customers the
9 Winter Event Securitized Cost Recovery Rider Tariff. Staff has independently
10 validated the net quantifiable rate benefits that will arise for customers as a result
11 of financing the Winter Event costs using securitized ratepayer backed bonds as
12 opposed to traditional methods of rate recovery. Despite increases in U.S. Treasury
13 rates since KGS filed its Application, the most recent indications we have available
14 are that the issuance of securitized bonds will result in in \$35 to \$46 million in net
15 present value benefits to customers associated with using this financing option.

16 Another way to look at how securitization helps keep customer rates just
17 and reasonable is the currently anticipated per-customer bill impact associated with
18 the issuance of securitized bonds as compared to traditional ratemaking. Using the
19 most recent interest rate estimates available, residential customers would face an
20 increased monthly bill of \$4.87 to \$6.42 for a period of seven to ten years if
21 securitized bonds were issued. This compares to \$9.04 a month if these costs were
22 recovered over a five-year period using traditional ratemaking, or \$13.90 a month
23 if recovered over three years.

1 These kind of monthly bill savings, relative to traditional ratemaking
2 methods, are what allows securitization financing to contribute to the creation of
3 just and reasonable rates. In addition, the Agreement contains all of the enhanced
4 oversight and ratepayer protections that Staff advocated for in our Direct
5 Testimony, to ensure that the securitization process results in the lowest possible
6 bond costs, consistent with the statutory standard required by the Act.

7 Staff contends the Agreement will result in rates that fall within the “zone
8 of reasonableness” described by the Kansas courts in which the result is balanced
9 between the interests of investors versus ratepayers, present versus future
10 ratepayers, and is in the public interest generally. The result is balanced between
11 investors and ratepayers because it allows KGS to be properly compensated for the
12 extraordinary costs that it incurred during the Winter Event to continue to provide
13 life-saving utility services during an extended cold snap that was by many measures
14 the worst experienced in several decades if not longer. At the same time, the
15 issuance of low cost securitized bonds allows these extraordinary Winter Event
16 costs to be financed by customers at lower interest rates and over a longer time
17 frame than would be possible if the only option was traditional methods of utility
18 financing and rate recovery. In Staff’s opinion, the anticipated financing terms of
19 seven to ten years strikes the proper balance, in this case, between: (1) the desire
20 to maintain customer affordability; and (2) to prevent the extreme intergenerational
21 inequities that could occur over longer recovery time frames up of up to 20-30 years
22 authorized in other states affected by the Winter Event.

23 **Q. Does Staff believe the results of the Agreement are in the public interest?**

1 A. Yes. There were multiple interests represented by the Joint Movants involved in
2 the negotiations: (a) KGS representing the interests of its management and
3 shareholders; (b) CURB representing the interests of residential and small
4 commercial ratepayers; and (c) Staff attempting to balance each of those interests
5 while representing the interests of the public generally. The fact that these varied
6 interests were able to collaborate and present a unanimous resolution of the issues
7 in this case strongly indicates the public interest standard has been met.

8 Generally speaking, the public interest is served when ratepayers are
9 protected from unnecessarily high prices, discriminatory prices and/or unreliable
10 service. More specifically, it is Staff's opinion that the Agreement meets the
11 public interest because:

- 12 • It allows KGS to begin the process of issuing securitized ratepayer-backed
13 bonds, under the oversight of the Commission's Designated Representative
14 (including its legal and investment advisors) and subject to the Issuance Advice
15 Letter process;
- 16 • The securitization process will result in savings to customers compared to
17 traditional ratemaking methods. This exists in the form of estimated
18 quantifiable net present value rate benefits of \$35-\$46 million depending on the
19 final term of the bonds. It also results in lower expected monthly bill impacts
20 of \$4 to \$7 a month for a residential customer, compared to \$9 to \$13 a month
21 for traditional rate recovery methods.

- 1 • In settlement negotiations, each of the Joint Movants represented their
2 respective interests by putting time, thought, and professional analysis into
3 deriving a settlement position it found reasonable;
- 4 • The Settlement was based on the record and is a reasonable compromise among
5 the Joint Movants based on each party's own analysis of a reasonable outcome;
6 and
- 7 • If the Agreement is approved, the Joint Movants would avoid the costly and
8 time-consuming process of a fully-litigated hearing. It is in the public interest
9 to avoid these costs if possible and the Agreement accomplishes this result.

10 **Q. Should the Commission accept the Agreement as a reasonable resolution of**
11 **the issues in this Docket?**

12 A. Yes, the Agreement represents a reasonable resolution of the issues in this Docket,
13 will assist in the creation of just and reasonable rates, is in the public interest, and
14 is supported by substantial competent evidence in the record.

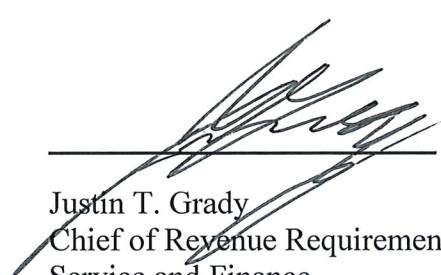
15 **Q. Does this conclude your testimony?**

16 A. Yes, thank you.

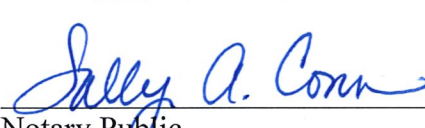
STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

VERIFICATION

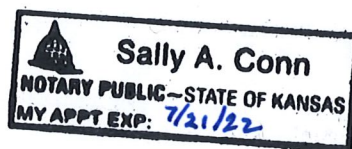
Justin T. Grady, being duly sworn upon his oath deposes and states that he is the Chief of Revenue Requirements, Cost of Service and Finance for the Utilities Division of the State Corporation Commission of the State of Kansas; that he has read and is familiar with the foregoing Direct Testimony, and that the statements contained therein are true and correct to the best of his knowledge, information, and belief.


Justin T. Grady
Chief of Revenue Requirements, Cost of
Service and Finance
Kansas Corporation Commission of the
State of Kansas

SUBSCRIBED AND SWORN to/before me on this 21 day of July 21, 2022.


Notary Public

My Appointment Expires:



CERTIFICATE OF SERVICE

22-KGSG-466-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing document was sent electronically on this 21st day of July, 2022, to the following:

JAMES G. FLAHERTY, ATTORNEY
ANDERSON & BYRD, L.L.P.
216 S HICKORY
PO BOX 17
OTTAWA, KS 66067
jflaherty@andersonbyrd.com

JOSEPH R. ASTRAB, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
j.astrab@curb.kansas.gov

TODD E. LOVE, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
t.love@curb.kansas.gov

DAVID W. NICKEL, CONSUMER COUNSEL
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
d.nickel@curb.kansas.gov

SHONDA RABB
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
s.rabb@curb.kansas.gov

DELLA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
d.smith@curb.kansas.gov

MARK DAVIS, PARTNER
DUCERA PARTNERS LLC
11 TIMES SQUARE
36TH FLOOR
NEW YORK, NY 10036
mdavis@ducerapartners.com

MICHAEL FEINBERG, GENERAL COUNSEL
DUCERA PARTNERS LLC
11 TIMES SQUARE
36TH FLOOR
NEW YORK, NY 10036
mfeinberg@ducerapartners.com

TYLER KIM, ASSOCIATE
DUCERA PARTNERS LLC
11 TIMES SQUARE
36TH FLOOR
NEW YORK, NY 10036
tkim@ducerapartners.com

SEAN LANCASTER
DUCERA PARTNERS LLC
11 TIMES SQUARE
36TH FLOOR
NEW YORK, NY 10036
slancaster@ducerapartners.com

CERTIFICATE OF SERVICE

22-KGSG-466-TAR

JAMNAH MORTON, ASSOCIATE
DUCERA PARTNERS LLC
11 TIMES SQUARE
36TH FLOOR
NEW YORK, NY 10036
jmorton@ducerapartners.com

SARAH BUCHANAN
FOULSTON SIEFKIN LLP
1551 N. Waterfront Parkway
Suite 100
Wichita, KS 67206
sbuchanan@foulston.com

RACHEL SCHOLL, PARALEGAL
FOULSTON SIEFKIN LLP
1551 N. Waterfront Parkway
Suite 100
Wichita, KS 67206
rscholl@foulston.com

HARVEY R SORENSEN
FOULSTON SIEFKIN LLP
1551 N. Waterfront Parkway
Suite 100
Wichita, KS 67206
hsorensen@foulston.com

C. EDWARD WATSON, ATTORNEY
FOULSTON SIEFKIN LLP
1551 N. Waterfront Parkway
Suite 100
Wichita, KS 67206
cewatson@foulston.com

C. EDWARD WATSON II., ATTORNEY
FOULSTON SIEFKIN LLP
1551 N WATERFRONT PKWY STE 100
WICHITA, KS 67206-4466
cewatson@foulston.com

BRIAN G. FEDOTIN, GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
b.fedotin@kcc.ks.gov

CARLY MASENTHIN, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
c.masenthin@kcc.ks.gov

MICHAEL NEELEY, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
m.neeley@kcc.ks.gov

JANET BUCHANAN, DIRECTOR- REGULATORY AFFAIRS /
OKE 13165
KANSAS GAS SERVICE, A DIVISION OF ONE GAS, INC.
7421 W 129TH ST
OVERLAND PARK, KS 66213-2713
janet.buchanan@onegas.com

ROBERT E. VINCENT, MANAGING ATTORNEY
KANSAS GAS SERVICE, A DIVISION OF ONE GAS, INC.
7400 W. 110th St.
OVERLAND PARK, KS 66210-2362
robert.vincent@onegas.com

JOSEPH L MCCORMICK, GENERAL COUNSEL
ONE GAS, INC.
15 EAST FIFTH STREET
TULSA, OK 74103
joe.mccormick@onegas.com

CERTIFICATE OF SERVICE

22-KGSG-466-TAR

/s/ Sally Conn
Sally Conn, Executive Secretary